

## Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 R

DRAFTED BY DOD/DSAA:LTC.HEVERLY/NEA/ARP:FMDICKMAN:BH

APPROVED BY NEA:SSOBER

PM/SAS:MR.JAMES

L/NEA:KHUFFMAN

DSAA:LTG.FISH

DOD/OGC:MR.FOREMAN

DOD/ISA:COL.FIFER

S/S:MR.MACK

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O 110140Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY JIDDA IMMEDIATE

INFO USMTM DHAHRAN IMMEDIATE

CSAF

SECDEF

C O N F I D E N T I A L STATE 033413

EXDIS

E.O. 11652: GDS

TAGS: MARR, MASS, SA, US

SUBJECT: AGENTS FEES

REF: (A) STATE 7728,(B) JIDDA 886,(C) SECDEF 192318Z JAN 76

1. SINCE WE HAVE HAD NO RESPONSE TO THE LETTER TRANSMITTED BY REF A, WE SHARE THE CONCERNS EXPRESSED IN REF B. HOW-  
EVER, AS EXPRESSED IN REF C, EVEN IF THE SAG ACCEPTS THE  
LOA PRIOR TO RESPONDING TO THE LETTER TO PRINCE SULTAN, WE  
CANNOT GUARANTEE PROMPT AND FULL IMPLEMENTATION OF THE  
PEACE HAWKV CONTRACT UNTIL THE AGENTS FEE ISSUE IS CLARI-  
FIED.

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2. AGENTS FEE ISSUE WILL NOT BE RESOLVED UNTIL WE RECEIVE FURTHER INTERPRETATION OF THE COUNCIL OF MINISTERS DECREE AS IT APPLIED TO SERVICE TYPE CONTRACTS. THE USG IS BEING PLACED IN THE MIDDLE, NOT ONLY WITH PEACE HAWK V CONTRACT, BUT ALSO WITH SAUDI NATIONAL GUARD CONTRACTS ALREADY EXECUTED WITH VINNELL AND CADILLAC-GAGE. SANG IS TELLING SANG PROGRAM MANAGER NOT TO PAY AGENTS FEE CHARGES FOR THEIR CONTRACTS, BUT THERE IS NO INDICATION THAT SAUDIS WILL PROVIDE US THE LEGAL BASIS (THE INTERPRETATION WHICH WE SEEK) TO DENY THESE PAYMENTS TO CONTRACTORS. TWO

METHODS APPEAR REASONABLE TO CLARIFY THE ISSUE.

A. AMEND THE CURRENT LOA TO CLEARLY INDICATE THAT IF THE SAG AUTHORIZES AGENTS FEES FOR "SERVICE TYPE" CONTRACTS THE LOA WILL BE AMENDED TO INCLUDE THE AGENTS FEES, OR

B. ATTEMPT ONCE AGAIN TO CLARIFY THE ISSUE BY CONFIDENTIAL CORRESPONDENCE WITH PRINCE SULTAN. WE CONSIDER THE LATTER APPROACH AS THE BETTER ALTERNATIVE.

3. ACCORDINGLY, CHARGE REQUESTED TO PRESENT TO PRINCE SULTAN OR IN SULTAN'S ABSENCE AND AT CHARGE'S DISCRETION TO PRINCE TURKI FOLLOWING LETTER FROM LTG. FISH TO HRH PRINCE SULTAN. ADDITIONALLY, CHARGE SHOULD ENSURE THAT SAG DOES NOT SIGN PEACE HAWK V LETTER OF OFFER UNTIL AFTER FOLLOWING LETTER FROM GEN. FISH HAS BEEN PRESENTED EITHER TO PRINCE SULTAN OR TO PRINCE TURKI:

4. YOUR ROYAL HIGHNESS: THE REPORTS THAT I HAVE RECEIVED FROM SAUDI ARABIA INDICATE THAT OUR STAFFS HAVE MADE GREAT PROGRESS TOWARD AGREEMENT ON THE CONTENT OF THE LETTER OF OFFER FOR THE PEACE HAWK V PROGRAM. I AM GRATIFIED THAT THIS HAS BEEN ACHIEVED BY OPEN AND FRANK NEGOTIATIONS BY BOTH PARTIES, SINCE SUCH OPEN DISCUSSIONS ARE INDICATIVE OF THE WARM RELATIONSHIPS BETWEEN OUR MILITARY ESTABLISHMENTS.

IT IS OUR UNDERSTANDING THAT SAUDI ARABIAN LAW, INCLUDING CONFIDENTIAL

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THE COUNCIL OF MINISTERS DECISION NO. 1275, PROHIBITS THE PAYMENT OF ANY AGENTS FEES WITH RESPECT TO PHASE V OF THE PEACE HAWK PROGRAM. THUS, NO PROVISION FOR THE PAYMENT OF AGENTS FEES IS INCLUDED IN THE LETTER OF OFFER FOR THE PEACE HAWK V PROGRAM. SHOULD OUR UNDERSTANDING BE INCORRECT OR SHOULD THE LAWS OF SAUDI ARABIA CHANGE IN THIS RESPECT, THE LETTER OF OFFER AND THE UNITED STATES GOVERNMENT CONTRACT RESULTING THEREFROM WILL BE

AMENDED UPWARD TO PROVIDE FOR THE PAYMENT OF APPROPRIATE  
AGENTS FEES THAT ARE NOT PROHIBITED UNDER THE LAWS OF  
SAUDI ARABIA.

I WELCOME THIS OPPORTUNITY TO RENEW EXPRESSIONS OF MY  
HIGH PERSONAL ESTEEM. SINCERELY, (SIGNED) LTG HOWARD  
M. FISH, DIRECTOR, DEFENSE SUPPLY ASSISTANCE AGENCY.  
INGERSOLL

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY AIRCRAFT, ROYALTIES, MILITARY AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 FEB 1976  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** powellba  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE033413  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** LTC.HEVERLY/NEA/ARP:FMDICKMAN:BH  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760051-0035  
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**Line Count:** 123  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN SS  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** EXDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** EXDIS  
**Reference:** 76 STATE 7728, 76 JIDDA 886  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** powellba  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 18 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <18 JUN 2004 by ElyME>; APPROVED <03 NOV 2004 by powellba>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AGENTS FEES  
**TAGS:** MARR, MASS, SA, US  
**To:** JIDDA  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006